

CABINET

10 September 2024

***PART 1 – PUBLIC DOCUMENT**

REVISED USE OF COMMUTED SUMS

REPORT OF: Service Director of Housing and Environmental Health

EXECUTIVE MEMBER: Cllr Dave Winstanley, Executive Member for Housing and Environmental Health

COUNCIL PRIORITY: PEOPLE FIRST

1. EXECUTIVE SUMMARY

- 1.1 The Council no longer owns any affordable housing and it works closely with registered providers in order to meet the housing needs of its residents.
- 1.2 Demand for homeless individuals in North Herts remains high following the increase in numbers following the pandemic. Growing needs in terms of numbers and complexity of support attracted attention from MHCLG who invited North Herts Council to bid for Single Homelessness Accommodation Programme (SHAP) in 2023. The bid was successful with a factor being an element of matched funding from North Herts Council. The grant from MHCLG amounts to capital of £3.2m and revenue of around £1.2m over three years.
- 1.3 One YMCA are a specialist provider of services for single homeless people with support needs; they have identified an opportunity to provide this much needed service at Anderson House, Florence Street, Hitchin.
- 1.4 In exceptional circumstances the Council accepts commuted sums from developers in lieu of the delivery of affordable housing on site. Due to the likely public interest in this decision, the Cabinet is being asked to consider the use of commuted sums funding to support this housing scheme.

2. RECOMMENDATIONS

- 2.1. That subject to the necessary legal and regulatory requirements, the Cabinet approves the allocation of £388.3k of commuted sums to One YMCA to aid their acquisition of Anderson House, Florence Street, Hitchin.

3. REASONS FOR RECOMMENDATIONS

- 3.1. This proposal has been made in order to support One YMCA's acquisition of Anderson House and in turn help meet the needs of some of the District's most vulnerable residents.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. None.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. Cllr Dave Winstanley, Executive Member for Housing and Environmental Health has been consulted and is supportive of this proposal.

6. FORWARD PLAN

6.1 This report contains a recommendation on a key Executive decision that was first notified to the public in the Forward Plan on the 9 August 2024.

7. BACKGROUND

7.1 The Council's housing stock was transferred in 2003 (to North Herts Homes, now known as 'settle Group'), however, NHC remains the 'local housing authority' with legal housing responsibilities including accommodation duties towards homeless households. The Council is reliant on registered providers (formerly known as housing associations), and in some cases the private rented sector, to help us meet local housing need. Demand for homelessness assistance remains high following the pandemic, particularly from single homeless people including some with multiple support needs.

7.2 The following table outlines the Council's legal duties to homeless households over recent years (the **bold figures** represent the number of single people – and some couples, without children – who approached the Council because they were homeless):

	2019/20	2020/21	2021/22	2022/23	2023/24
Households owed a prevention duty	275	229	194	175	207
Households owed a relief duty	219	385	281	241	269
of which, single households	170	322	217	168	178
Households owed a main housing duty	65	90	128	123	131
of which, single households	14	33	53	43	43

7.3 Although the Council is not legally required to provide accommodation to everyone, many single people experience a cycle of repeated homelessness over the course of years due to multiple support needs remaining unmet. There is often a lack of engagement which is not helped by limited supported accommodation options locally and the lack of a 'pathway' from rough sleeping to independent resettlement.

- 7.4 Due to the lack of accommodation options, the Council uses nightly paid accommodation (mainly hotels) as a last resort. However, these settings have been shown to be detrimental to service users over time as well costing the Council over £1m net over the last four years (please see table below):

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
Net cost of nightly paid units per annum (mainly hotels)	£32k	£59k	£291k	£345k	£236k	£164k

- 7.5 The Ministry of Housing, Communities and Local Government (MHCLG) invited the Council to bid for funding under its Single Homelessness Accommodation Programme (SHAP) in 2023. MHCLG had identified a local need for supported housing for 18-25 year olds and the Council was the only Hertfordshire local authority to receive an invite.
- 7.6 The Council partnered with One YMCA (a registered provider), Helping Herts Homeless (HHH), a local homeless charity, and Hertfordshire County Council (HCC) on a bid for a new young person's scheme at HHH's Sanctuary site in located on the corner of Grove Road and Nightingale Road in Hitchin. The bid was successful, with the MHCLG awarding capital of £3.2m and revenue of around £1.2m over three years, for the Council, who in turn would passport the entire amount to One YMCA to develop the site and run the service. The Council also earmarked a contribution of £388.3k capital from commuted sums with HCC adding £135k and One YMCA raising the remainder (both amounts were crucial elements of the bid as although only a relatively modest amount, they illustrated the partnership approach and collective commitment to the MHCLG). Planning approval was recently granted for 23 ensuite rooms for 18–25-year-olds at the Sanctuary site.
- 7.7 Commuted sums are payments accepted from developers, in exceptional circumstances, in lieu of on-site affordable housing delivery to provide affordable housing on an alternative site. Commuted sums must be spent for the delivery of affordable housing as outlined in paragraphs 5.2.32 and 5.2.33 of the [Developer Contributions SPD.pdf \(north-herts.gov.uk\)](#). Officers have the delegated authority to allocate this funding to schemes to deliver affordable housing with decisions normally being made in accordance with the priorities highlighted in the Council's Housing Strategy.

8. RELEVANT CONSIDERATIONS

- 8.1 The provision of single homeless accommodation has been a long-term strategic challenge for the Council considering continuing high demands for homelessness assistance, particularly from vulnerable single homeless people. New provision has been limited to a large degree by a scarcity of local sites for development. The few opportunities that have been identified over the years have all ultimately failed to progress, most recently a site at Protea Way in Letchworth; this 40-bed development achieved planning consent, but this lapsed Feb 2024 and there is no hope of resurrecting this scheme. The pandemic exacerbated existing housing demands with increasing numbers of clients approaching with high support needs and there remain ongoing challenges from the cost of living crisis and lack of affordable housing locally, amongst others.

- 8.2 Current supported accommodation options are extremely limited and there is a lack of stability around this provision. HHH's Sanctuary site can accommodate around 4/5 people, however the building is in very poor condition. One YMCA's 20 High Street, Baldock scheme has 19 ensuite rooms, however this only has temporary planning permission, until December 2025. Keystage Housing's scheme at the former Lord Lister hotel in Hitchin has 21 ensuite rooms with the Council receiving sole access to vacancies until December 2031.
- 8.3 The Council recently commissioned a report from Local Partnerships (a public sector consultancy) on temporary accommodation supply options. This highlighted a number of options, including acquiring properties directly, taking ownership and becoming a landlord again. However, significant investment/capital would be required to do so, as well as resources to manage the properties and a need to acquire a critical mass to make any potential acquisitions viable. Local Partnerships therefore highlighted that the most practical option would be to pursue partnerships with Registered Providers.
- 8.4 Anderson House, Florence Street, Hitchin was offered on the open market in July 2024 by settle. This is a former flexi care scheme of 46 flats, plus two 3 bed houses. We understand there were multiple parties interested, including One YMCA who saw this as a unique opportunity to develop a specialist scheme for local single homeless people with the capacity to support clients from homelessness through to independent living. One YMCA have had their bid accepted and early discussions have centred on around 85 units being offered for single homeless people and some couples, although this is subject to change. The service will offer 24/7 support and would cater for people with different levels of support with the ultimate aim of moving them on to their own independent accommodation.
- 8.5 Owing to delays to the planning consent for The Sanctuary site (related to mitigation measures for potential flooding), Homes England (MHCLG's affordable housing funding body) became concerned about the start on site date being pushed back beyond the funding deadline. To avoid the potential for complete loss of the £3.2m award, Homes England shortened the deadline for start on site, while also offering One YMCA the option to port the funding to Anderson House – a site One YMCA had approached Homes England about, hoping for a separate grant. One YMCA Trustees decided that the option to port the funding represented the best solution to a now-impossible funding deadline and in fact, opened a new, very attractive opportunity to deliver more than three times the number of bedrooms, without significant cost increases. Within this number, the SHAP provision would increase by one to 24 units and will have a separate entrance to the rest of the service. The additional 60 or so units will provide much needed additional stable supply for adults with support needs with the Council having first refusal on all vacancies in the building.
- 8.6 We understand that settle and One YMCA are hoping to exchange contracts for the purchase in September 2024, with completion in the coming months. One YMCA are in the process of finalising a full planning application and are hoping to submit this shortly. It appears that limited works are required to the property and One YMCA are hoping to begin a phased intake from some point early in 2025.
- 8.7 One YMCA has confirmed their intention to work with HHH on the future development of the Sanctuary site and will be applying for further Homes England funding as soon as new funding rounds open. One YMCA are committed to proactively manage community engagement with openness and transparency being central to their approach and they

are happy to hold community consultation events at the accommodation, subject to any practical transitional challenges as the sale progresses.

- 8.8 The Cabinet has been asked to consider the reallocation of the Council's commuted sum contribution of £388.3k from the Sanctuary site to Anderson House due to the likely public interest in the scheme. This use of commuted sums meets the relevant conditions and the amount of £388.3k offers good value for money for 24 units, with significant additional benefit due to the extra capacity offered at Anderson House.

9. LEGAL IMPLICATIONS

- 9.1 The Cabinet's Terms of Reference provides at paragraph 5.7.15; "To oversee the provision of all the Council's services other than those functions reserved to the Council".
- 9.2 The Housing Act 1985 Section 1 (1) confirms that the District Council is the Local Housing Authority (LHA).
- 9.3 LHAs' homelessness duties are contained within the Housing Act 1996 Part VII, as amended by the Homelessness Reduction Act 2017 which placed significant new duties on English local housing authorities.
- 9.4 LHAs have a legal duty to provide interim (also known as emergency) accommodation to homeless applicants, if, at any point during their enquiries, there is a reason to believe that an applicant may be:
- homeless
 - eligible for assistance, and
 - in priority need

If an LHA fails to provide interim accommodation, or if the accommodation provided is unsuitable for the applicant, this can be challenged by way of judicial review.

- 9.5 The LHA also holds the 'Relief Duty' which applies when a council is satisfied that an applicant is homeless and eligible for assistance; it requires the Council to take reasonable steps to help the applicant secure that suitable accommodation becomes available for the applicant's occupation for at least six months. This therefore requires the Council to work with the applicant to help them find and retain accommodation to meet this legal duty.
- 9.6 The Developer Contributions Supplementary Planning Document (SPD) was adopted by the Council in February 2023 and supports the new Local Plan for the period 2011-2031. The SPD provides detailed guidance on the type and scale of developer contributions that will be sought to support new development in the District.

10. FINANCIAL IMPLICATIONS

- 10.1 Commuted sums are paid by developers in lieu of onsite affordable housing delivery; the amount of £388.3k was the maximum amount available at the time of the wider SHAP funding bid and it represents good value for the delivery of those 24 affordable units, let alone the large increase in additional capacity offered at Anderson House.

11. RISK IMPLICATIONS

- 11.1. Good risk management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.
- 11.2. The provision of supported accommodation for single homeless people has been a long-term challenge for the Council. Should the Cabinet decide against allocating the commuted sum, there is a risk that MHCLG reconsider their funding support for the scheme and the acquisition does not proceed.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. The provision of this specialist accommodation scheme will support some of the District's most vulnerable residents with the aim of providing them with specialist support before resettling them in to independent accommodation.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. Social Value will be realised by the employment opportunities offered by the new housing scheme and by the service itself and its fundamental aim to support local homeless people on their journey to independence.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to the proposal in this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 None

16. APPENDICES

- 16.1 None

17. CONTACT OFFICERS

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18. BACKGROUND PAPERS

- 18.1 NHC Developer Contributions Supplementary Planning Document, January 2023 ([Developer Contributions SPD.pdf \(north-herts.gov.uk\)](#))
- 18.2 MHCLG's Single Homeless Accommodation Programme: funding allocations ([Single Homelessness Accommodation Programme: funding allocations - GOV.UK \(www.gov.uk\)](#))